## **Budget Address**

## May 1, 2012

Thank you for giving me the opportunity to address you tonight and present my budget for fiscal year 2013. Murray City, like the rest of the Country, has been on a financial roller coaster for the last three years. Most of the time, the coaster has been traveling on a downhill slide only leveling out periodically. The good news is that we are starting to see a slow, but steady upward progression.

We have held our property taxes steady during this time. City departments have made repeated cuts in budgets and capital projects have been limited. Employees have not received additional compensation, but have willingly supported us as they have continued to accomplish their jobs in a stellar manner. An early retirement incentive was offered and 34 positions were vacated. Several jobs have been refilled after the costs for the program were recouped. Overall, there has been a savings of about \$800,000 to \$1 million dollars in **both** the General Fund and Enterprise Funds. These funds are available to help us cover increases to retirement and health care now. This effort also gave us the opportunity to look at the organization of the City and changes were made to consolidate to improve productivity.

Our Finance Director retired and we have a new director, Justin Zollinger, who has been instrumental in helping with this budget process. Justin worked for Logan City and brings great experience to our community. I am happy to have him as part of our team.

If you have been around town, you have seen evidence of some of the positive changes that are taking place. Fashion Place Mall has been a key focus of development as they have opened a new lifestyle wing with several new stores and restaurants. The Larry Miller Dealerships continue to be rebuilt and opened. A new dealership for Mini of Murray is also being constructed and Murdock Hyundai is coming to town. The Fireclay area around Main Street and 4300 South is busy with a variety of housing projects. These are all good signs that our economic engine is starting to generate again.

The upcoming budget year takes us to the conclusion of the "hold harmless" on sales tax. This has been a safety net that we have used to allow us to hold our sales tax numbers at about \$12.2 million dollars, reflecting where we were in 2006, when the distribution formula was adjusted by the State Legislature. This year we will be close to reaching that number and I am optimistic that by the end of this agreement, we will be past this floor.

We have taken advantage of this time to work on completing a new strategic plan that provides focus on the direction for the City to move in the future. I have appreciated the coordinated effort that has taken place with my staff and the Council. We are looking forward to sharing the tenants of this new plan. As part of this process, we also created a Capital Improvement Plan. This gives us the opportunity to undertake larger purchases over several years, if necessary, and allows us to rotate equipment and vehicles in an orderly fashion. This year the CIP Committee worked with a one-time amount of \$3 million dollars from reserves to program as part of the budget recommendations. Included in these recommendations are:

- Funds to replace outdated Police radios and move to UCAN for dispatch service

- Purchase specific replacement vehicles
- Refurbish one of our older fire engines
- Add an additional ½ million dollars to roads for a \$1.8 million dollar total including Class C funds
- Replace the rusted stairs in the Park Center Pool
- Build a new restroom at Southwood Park

Plans are in place to help us add money to the CIP in future years to fund high dollar projects and keep us better able to serve our residents. Reserves in the Power Department and Water Department are adequate to allow us to accomplish the Capital Improvement requests from these enterprise funds. My budget includes the recommendation that our fee—in-lieu-of-tax dollars be balanced among all of the enterprise funds at 8%. This is an increase to some and a decrease to others, but provides consistency and fairness.

I have recently been made aware that there will be an increase to the tipping fees for TransJordan Landfill. We will need to address these increased costs and should consider a fee increase to handle these expenses. A Water and Storm Water Study is currently underway that may indicate a need to accomplish more storm water improvements at a faster pace. This, too, may generate the need for a small fee increase. These are both enterprise funds and need to be kept whole to provide the services that are received.

Department Heads have been very modest in their requests for operational expenditures. The majority of their requests are to cover the actual costs that are incurred to do their work. I am recommending that four more of the positions that were vacated due to the incentive, be filled - two for Parks, one for Water and one for Police. Under the direction of our new Administrative and Development Services Department, we have consolidated computer purchasing to one line item that will help us put a good rotation program in place.

Our employees have been amazing partners as we have dealt with this financial roller coaster and have not had pay increases for the last three years. To recognize their commitment and hard work, I am recommending a 3% cost of living adjustment for them this year, along with covering the new amounts for their retirement and health care. Their sacrifices have helped us continue to provide great service through these lean years. They are the faces our residents see doing their jobs each day and I hope you will support this effort.

While our revenues continue to slowly improve, the steps that have been taken in past years have helped us weather these financial challenges. We have cut costs and looked at every operation to make us as fiscally responsible as possible. As a result, our reserves are healthy, which gives us the flexibility to take care of unforeseen situations that always arise as we provide services. Our employees have been the backbone of these efforts and I appreciate each of them. I am looking forward to a smoother ride this year and invite you along as Murray City moves forward and upward. Thank you.